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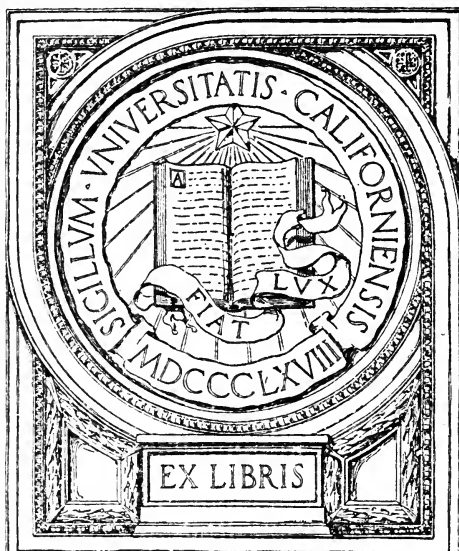
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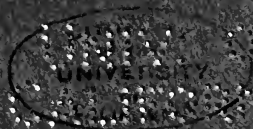
THE INCREASING RESPONSIBILITIES OF THE AGENT

BY

ALFRED HURRELL

Attorney, Association of Life Insurance Presidents

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An Address delivered at the Twenty-second Annual Convention
of the
NATIONAL ASSOCIATION OF LIFE UNDERWRITERS
At Chicago, Thursday, October 10, 1911

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THE INCREASING RESPONSIBILITIES OF THE AGENT

BY ALFRED HURRELL

ATTORNEY, ASSOCIATION OF LIFE INSURANCE PRESIDENTS

MR. PRESIDENT AND GENTLEMEN:—I wish first of all to make acknowledgment of the honor you do me in having invited me to be with you on this occasion. It is a privilege I deeply appreciate although I confess that since consenting to talk to you on what I conceive to be your increasing responsibilities I have realized that my own responsibility has increased not a little. This is so because in you I recognize the active workers in this life insurance business who know full well from actual experience with the people and your companies what your responsibilities are, and who are yourselves constantly devising new ways and new means of advancing the life insurance idea. The fact that I venture to speak at all is due more to my confidence in your all-pervading hospitality than from a conviction that I have any unusual message to deliver. Then, too, it seems to me that any person connected with life insurance who could possibly cast aside an opportunity to participate in your annual meeting, even at the cost of doing an act of his own, should retire from the stage of active life and have his obituary written.

The welfare and progress of the National Association of Life Underwriters is a matter of serious concern to all who are interested in the conservation and development of life insurance interests. Its reputation for vigor and accomplishments is such that no one at all in touch with insurance affairs can fail to know of the good it is doing in its efforts to elevate the business of soliciting insurance and to maintain those standards within the institution which win the favor and approval of the public. It is peculiarly a matter for congratulation that among the solicitors of insurance where personality is so strong a factor and where the paths of one so often cross those of the other in the stalking of the prospect, there should be this getting together in such a wholesome way and with such satisfactory

results. As one who has recently come from the ranks of the laymen, I comment that when the competing solicitors of old line companies can organize from their ranks a fraternal organization devoted to the common welfare, and live and work together in a spirit of brotherly love, the business itself is entering upon an "era of good feeling" that augurs well for its future.

It would be a vain proceeding for me to discuss with you gentlemen the virtues or the present condition of life insurance. We are all ready to admit that it has earned for itself a firm position in the domestic and commercial affairs of this nation, and come what may, the hold it has upon the American people will never be shaken. The statisticians can mass figures which will show that from humble and unpretentious and crude beginnings life insurance has come to be an important social institution. It was the late Mr. Morton who, speaking in this place not a year ago at a meeting of the Association of Life Insurance Presidents, called attention to the fact that while the population of the country in the last fifty years had increased not quite three-fold, the insurance in force had increased almost thirty-fold. The annual writing of over seventeen hundred million dollars of new insurance evidences the extent to which we as a nation are committed to the idea.

You gentlemen represent those who are responsible for its phenomenal and splendid growth and spread. Without the agency system American life insurance would still be lingering on the road where all government and non-agency insurance has long since tarried. Having to do with the agent, therefore, we must know we are dealing with a tremendous force. We must recognize that he is the motive power of the life insurance machine. Whatever there may be of accomplishment in this field of human endeavor in the last fifty years is due chiefly to the intelligent development of the canvassing solicitors, and if all soliciting were prohibited by law to-day, what momentum the business would have left would be due to the past efforts of that body of men. They have taught the people their duty; they have popularized the doctrine of protection; they have so tilled and cultivated the land that the harvest from now on will be full and certain. The figures annually embalmed in our various state departments show in what generous measure the agents of the country have discharged the duty which rested on them. They have accepted the responsibilities of the past, and the present healthy condition of the business is the result.

It is also true beyond a doubt that with the growth of the institution in the favor of the people and consequently in those large figures which we can never fully comprehend, the agent's responsibility has increased proportionately. This is so naturally, for it would be anomalous to assert that the business had increased thirty-fold and to deny that the responsibility on the agent is more than it was fifty years ago. "When I was a child I spake as a child, I understood as a child, I thought as a child; but when I became a man I put away childish things." So said an eminent man many years ago, speaking of life in general, and as truthfully can we say that in bringing the business of life insurance into its present great estate the agent has advanced step by step with the increasing demands of the business and the companies, and that he now stands ready to do all that which may be found necessary and desirable to guard what has already been gained and to place the business still higher in the respect of the people and make it more useful in its ministrations to them. It is in this belief, therefore, that I venture to offer a few suggestions in regard to the increasing responsibilities which the very position and development of the field forces invite to them, and the methods by which such added duties may be met and performed.

It is undoubtedly true that in the early days of life insurance the agents entered the field with the single idea of earning commissions. To be frank that reason is still the compelling one which causes men to go forth to obtain their living in the world, with the rate book as the only apparent staff of support. It is true, however, that into the soliciting life of the modern agent have come new methods and a different vision. His horizon is broadened. He sees in his brother agent a competitor, to be sure, but he also sees in him a colleague in the common cause of forcing the acceptance of the doctrine of protection. He knows the other man is bent on securing business for the other company. He recognizes, however, that more policyholders means more converts to the insurance idea, more units in the mass that go to build up the whole. He has acquired wisdom in his belief that the more men who take insurance with any stable company the easier will it be to get still more men to partake of insurance in his company. This realization has led to a sympathy among the field forces of the latter days which was unknown to the business thirty years ago. And sympathy has bred co-operation, and co-operation among agents of competing companies has led to the co-operative idea getting abroad and in the organization of this Asso-

ciation you have the thought in a concrete form of national proportions. And here you are met to co-operate in a common cause, gathered from all parts of this nation pursuant to a definite plan that you might the better discuss your problems, rub elbows, exchange views, absorb inspiration from each other and go home and report to your fellows, and then each with the same end in view in your several communities promote the policy for the general weal which is here determined upon as good.

This ability for intelligent co-operation and combined effort has resulted in much in the past which has been productive of good to the business and to yourselves. The many anti-twisting and anti-rebate laws on the statute books are due almost wholly to your ceaseless agitation. In doing this you had to convert your doubting brother, you had to stimulate and co-operate with state officials, you had to create a public opinion which indorsed your position of "Equal rights for all, special privileges to none" as applied to life insurance, and, finally, you had to go into the houses of legislation yourselves and demonstrate to the representatives of the people that you were right, and so secure the statutory support you deserved. And if the twister and rebater to-day is not only abhorred by his fellow agents, but is also a criminal before the law, it is due to the existence of a hearty public sentiment you have created against his pernicious practices. I cite this one case to illustrate what I believe your power to be if you but take hold of a proposition in earnest. Twisting and rebating may not be stamped out entirely, but your efforts have forced a great reduction of the evil in the past five years.

Now it is from your demonstrated ability to influence public opinion that I believe a new and well-defined duty has come to you in recent years and will remain with you. It will increase as the business forges ahead and the American electorate keeps on wrestling so actively with business problems. While we are blessed with a system of government which is the best the world has yet produced, and while the capacity of this people for self-government amid all kinds of conditions and in the face of gigantic problems has always been proven, yet a spirit of unrest is in the air, and against nothing are the mutterings of the mob so easily directed by clever demagogues as aggregations of capital, no matter how nor in what cause accumulated. Understand me, I am no pessimist. Calamity howling I believe to be neither dignified nor necessary. I do not "view with alarm" every manifestation of discontent on the part of the public.

A certain amount of healthy discontent is necessary for ordinary progress. I do, however, look with distrust on some men in public life and upon some measures which from time to time are advanced as panaceas for all that is the trouble with us. I am very certain in my belief that the only safety for any business institution of the proportions of the life insurance interests lies in a thorough understanding by the general public of its principles and practices, and an appreciation of its relation to all the other business and life of the community. Amid all the skyrocketing of politics and the agitation which is now being fomented against big business and corporate enterprise, I feel the life insurance interests should be practically immune, not because of my firm belief that there is absolutely no reason for further attacks, but because in you the business has at hand an efficient army of trained men which it can use, if you are willing, to protect it from the attacks of the ignorant and unworthy.

The best way to avoid the danger created by ignorance is to disseminate knowledge, and because of the position they occupy I believe the great agency forces of the country are primarily under the responsibility of educating the American public to such a degree of understanding of the main features of the life insurance business that prejudice will disappear and further reprisals will not be sought. Colleges are now teaching it to their students, you must teach it to the masses.

Now why is this so? Why should the business turn to the agents and say "You are the ones who should especially undertake this work?" Well we know when we say the agency system is responsible for the present tremendous advance in insurance in force and in insurance assets, we mean that the policyholders who carry the insurance did not hunt up the insurance offices and beg for an opportunity to invest in policies, but that the business was secured by the personal solicitation of the representatives of the companies. In other words, the idea was carried to the policyholders and urged upon them. In doing this the personal relation had to be established between them and the agents. Not a casual acquaintance, where the names of the parties were both misunderstood on the introduction, but a robust friendliness which had to exist before business could be transacted. If not a positive friendliness, then at least there were well-defined personal impressions left which were of such a nature that the agent would remember the policyholder he secured and the policyholder would remember the agent who secured him. The

point is that in the very large majority of cases the agent can always have a hearing again from his business acquaintances so established. Each agent, therefore, has a very well-defined sphere of influence among the very best citizens in his community. And almost without exception it is true that more agents than one have this same standing and acquaintance among these same citizens in one locality.

The situation, then, resulting from this close intermingling of the thousands of agents with the public, is that in every community throughout the length and breadth of the land the trained representatives of the companies are in such close personal touch with men and affairs that they can always get an intelligent and respectful hearing if they will but ask. And an intelligent hearing before the American public is all that life insurance interests have ever asked. If they had always had that hearing, dividends to-day would be larger and premiums smaller. The fact that not sufficient hearing has been had is not because it has been denied but because there has been no concerted and systematic demand for a hearing. Then, isn't the sensible policy, isn't the practical, businesslike thing for all concerned in this business, to set about getting this hearing? And with the hearing will come understanding, and with understanding let us hope a peace and quiet to the business and a pride in our great institutions which will keep prejudice permanently routed and lessen the fusillade of foolish and harmful legislative bills which are annually aimed at them. I believe, despite our intelligence as a people and despite the fact that the per capita insurance is now said to be over \$150, that there is still quite a general lack of appreciation on the part of the public, both of the fundamental principles of insurance and the inter-relations of insurance funds to other business enterprise, and a general failure on the part of policyholders to realize their own relation through their companies to the expanding commercial world about them.

Did you ever notice when any measure is proposed to restrict or tax a company, or to limit the business discretion of its management, or its business activities, that we are always reminded of the danger there is in the great aggregations of capital which are piling up at our financial centers? And then how the changes are rung from that note up and down the scale! The hydra-headed, horn-covered, poisonous monster of Wall Street, is pranced around before our fearful gaze by the patriot statesman, official or agitator, who brings him out only to tell you just how he can be tamed into servile

submission. Size seems to be the offense. Success should be penalized and excessive taxes should be levied because the money is so easy to get.

Do you think these agitations would succeed and political reputations by these attacks be enhanced if the policyholders of the nation were keen to realize that they are personally interested as owners in common of these companies and that every additional burden placed upon them comes out of the owners' pockets, and that the business prosperity of those companies is the owners' prosperity and the nation's gain? I do not and you do not. Then it behooves us brothers of the faith, and especially you whose position brings you daily in personal contact with the great public, to do everything in our power to bring home this truth to every man who by reason of his policy is a party in interest in the company who issued it.

The public knows that insurance companies do furnish protection, that premium payments are made in order that the amount stated in the policy may be paid on maturity. And this is about as far as the public thinks. The necessity and principle of the reserve and valuation laws is not commonly understood. The average policyholder does not appreciate that the moment his insurance is written the company signing the policy has in fact and by uniform state laws a certain obligation charged against it and that it must make present provision to meet that charge by reserving the larger part of the annual premium in a fund which at once represents the liability of the company to its living policyholders and their certain equity in its assets. The policyholder and the public should be made to see the reason for the reserves and the reserve laws.

The life insurance idea as far as the desirability and necessity of this form of protection goes is now well popularized; the next step is to popularize the elementary principles of the subject as you and I understand them. And besides this and of equal importance, the business methods, and functions of companies in the commercial operations made necessary in order that the institution may furnish that protection of which the people approve, should be so often and so thoroughly explained that the means will be indorsed as heartily as the end. It is the whole picture we must make the public see. We must stimulate an understanding of the fact that while the primary object of the companies is to sell insurance and collect premiums therefor, the very doing of this business in large volume makes of them necessarily clearing houses where thrift and enter-

prise have reciprocal accounts; that while money is flowing toward the companies from their thrifty millions of policyholders, there is an equal return stream running from the companies to the constructive business world in the form of investments. And also that good management and the various state laws require these investments to be well secured.

Attention should be drawn to the fact that the funds of the companies go almost wholly into permanent improvements. The significance of this is that my dollar and your dollar and our neighbor's dollar together with the dollars of others similarly situated which we pay for insurance to our respective companies, first buys protection to our families, or ourselves, or our business, serves that purpose and then goes on, and doing a double duty, finds itself in the useful work of developing the country, making it possible for public works to be undertaken, and encouraging private enterprise along safe lines. When the law permits an insurance company to invest in the bonds of nation, state and municipality, or of any solvent corporation or to loan its money on real estate in the form of mortgages, it permits it to enter into the vital business life of the state and nation and always as a positive constructive force.

This very practical side of the picture has always proven attractive to me. There is a dignity about the orderly processes of this distribution of wealth producing wealth that is satisfying. Our regard for the business increases as we reflect that the money we pay in premiums is helping build railroads and trolley lines, telegraph and telephone systems, gas and electricity distributing plants, water reservoirs and manufacturing mills; that it is used in constructing school houses and city halls and state capitols; that by its loans on mortgages it assists citizens in acquiring and building homes, has a hand in tilling the fertile soils of the land, and in erecting the giant office buildings and mercantile houses where commerce flourishes and we and our brothers find employment to secure the wherewithal to feed our families. It is not given to us all to be employers of labor and captains of industry, but by our participation in this communism of finance we have our part, and our individual savings and thrift are thus skilfully combined and intelligently put to work and we can rightfully feel that in the expansion of trade and commerce, in the steady development of the nation's resources we are a certain and important factor.

These are some of the thoughts which for the good of the business

I deem it essential to get deep rooted in the minds of the policyholders of our companies. The savings banks system has many points in common in the collection and distribution and investment of the people's money, but life insurance does all that savings banks do in this inter-relation of interests and in addition, always to be emphasized, provides the method whereby the contributions and more are returned to the dependents of the contributor if he is suddenly removed from the scene of all these activities. The savings bank promotes thrift and business expansion, life insurance does likewise and besides gives individual protection; both create a partnership between the people and the great commercial enterprises of the country, and this important fact cannot be stated too often or urged too strongly.

Following this line of thought for the moment I might comment on the tendency to misapprehension in the popular mind regarding assets. The public read that this, that or the other company has so many hundred thousand or so many millions of dollars held in reserve or in surplus or has so many million dollars of assets. The fact that this is expressed in terms of money suggests to the unthinking that the amount represented is somehow stored away in currency or is there within grasp of the managers of the companies who advertise their strength. The people should be educated beyond the idea that company reserves and company assets are being twisted into a financial rope for purposes of strangulation, and led to see that all the moneys taken in by companies and not paid out in death losses and expenses are knit and woven with fine intelligence into the very fabric of the commercial life of the nation and that they there perform a function second only to that of paying beneficiaries under their policies; they should be so enlightened that they will not look upon the huge trust funds in the hands of our companies as sinister accumulations to be feared, but will hail them for what they really are—the combined, conserved and working fortunes of our average citizenship.

When this fact is thoroughly appreciated by policyholders generally we may expect a quicker protest from them when measures are brought forth to tax gross income an excessive amount, to compel the investment of company funds in unfamiliar localities and in undesirable securities, to decrease interest rates on money loaned, or to deny to insurance interests the same standing and rights in the courts of our country commonly accorded to other investors and

other institutions. We may expect also a greater impetus in the writing of insurance, for the more familiar the people become with the methods and two-fold results obtained by this form of investment the more popular will it become.

Of course, the chief responsibility an agent will ever be under is to get business for his company. A vigorous participation in a campaign of education which will bring home to the public the considerations on which I have been dwelling will increase the opportunities of securing new business. The simpler we make the proposition the more attractive it becomes; so in urging the need for the dissemination of a wider knowledge of the operations of the business I have an eye not only for the interest of the companies but also for the practical benefit to the agents. It is common talk nowadays that life insurance is just entering on a new era of expansion due to the business uses to which a policy can be put. The field forces are educating business men and corporation managers to the idea of insuring against the shock to business and disturbance to credit that often comes when a valuable partner or efficient superintendent is suddenly removed by death. By assiduous attention to this question and by co-operative advertising and action you are spreading the idea that investments can be insured as well as life. Stockholders and silent partners and bank cashiers are beginning to demand such protection when a single life or two stands between certain success and probable failure in any business requiring the risk of any great amount of capital. It is due to your recent activities that this hitherto undeveloped field is yielding good results and your accomplishment in this line is the latest illustration of what you can do with an idea when you set about it.

If we can agree then that a better understanding of the A B C's of the life insurance business on the part of the public will help all concerned, I think we can easily agree that you are the ones who should take upon yourselves the burden of this campaign of education. The question of procedure needs little discussion here. Let the local associations stimulate discussion of life insurance questions in public places. Every chamber of commerce, every board of trade or similar body should have an insurance section. Agents everywhere should become active in these bodies so that their very presence and influence will give the business the standing which will make natural its prominence among subjects for consideration at formal meetings. At its informal semi-social affairs one business in-

terest often welcomes word from another business interest; clubs, societies and associations—business, educational and religious—are constantly looking for a live subject and a live speaker. These occasions which furnish opportunities for the popular presentation of the subject to the people should not be overlooked. And whenever any address on life insurance is made which is worthy of note a proper abstract of it should find its way into the pages of the local newspapers, thereby reaching a larger and much more diversified audience.

A great deal could be done by follow-up correspondence to the homes, not the offices of policyholders, inclosing short, terse, well-printed and well-arranged articles on different phases of the subject. The personal letter of the solicitor who secured the application asking that the policyholder give the article in question consideration and calling attention to some particular thought in it would usually insure its reception and reading. The mailing list of the old policyholders is the directory of the constituency the agent represents and he should not be afraid to be and to keep in touch with it. Such interest supplemented by as much personal contact as is possible would probably be the very best kind of supervision for the conservation of old business that could be devised.

If your company buys any bonds of the municipality where you live or securities of any corporate activity near you, see that this fact is brought home to your policyholders. At the end of the year when the annual statement is sent on in card or pamphlet by your company for distribution, see that there is a short, intelligent analysis of it prepared in letter form so that the statement will go to the policyholder with a personal word in explanation of it from the local office. Make the policyholders feel that you represent them as their experts in the same way a lawyer represents his client. Working on this basis a positive common interest may be developed which will lead to real policyholders' unions, organized not to promote the selfish interests of some one's ambition, but for the purposes of furthering the good of a great and beneficent institution. Every one of you can think of other and no doubt better ways and means of claiming and holding the attention of the public. Let each one use the means at hand and all co-operate to make the movement a success.

It is a great pleasure now as one goes into the various communities to find the life insurance men among the most prominent. In mercantile and commercial bodies, in churches, clubs and charitable

institutions, they are well represented. They mingle with the highest and rub elbows with the most humble and are at home with either. This is what makes me feel that you gentlemen are the chosen ones of the business to lead it out of the wilderness of public ignorance and prejudice and into the promised land of public understanding.

By participating in and leading this campaign of education you will be not only serving the present best but you will be building for the future perhaps better than you realize. In this country, where *vox populi* is supreme in some form or another, the business must needs be wide awake to the various changes in the methods of government. To-day laws may be made through the purely representative system of the fathers; to-morrow by some of the various devices of refined democracy advocated by many men of the present. It is well to have in mind that when constitutions are so amended that the people will be legislating directly themselves when they drop their ballots into the box, the strongest kind of an educational machine will be required to guide their minds aright. To implant sufficient knowledge in all the people, or a majority of them, so as to secure intelligent action on proposed legislation on such an important business question as life insurance will require comprehensive and vigorous work on the platform and in the press. I am not discussing the wisdom or unwisdom of any political proposition; my purpose in referring to the possibilities is merely to remind you of our duty to be ready for what may come, so that under any system, however representative or however democratic, we may efficiently protect the great business with which we are identified.

It has been said and truly said that as the ministry is to the Christian religion so are the agency forces to life insurance. In working out your career within its ranks you are taking part in a great ethical movement. The institution must continue to depend on you to carry its message to the people, and upon the degree of intelligence and energy put forth in that effort will depend the future per capita increase in insurance in force. You are committed by the inevitable logic of the situation to do all in your power to advance the true interests of the service in which you are enlisted. This Association exists for that purpose. I am confident that in meeting the responsibilities of the present and of the future you will look upon them not as burdens to be endured but rather as additional opportunities to maintain your position as the one indispensable factor in the spread of the life insurance idea among the American people.

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